

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:)	Chapter 11
)	
W. R. GRACE & CO., et al., ¹)	Case No. 01-01139 (JKF)
)	(Jointly Administered)
)	
Debtors.)	Objection Deadline: February <u>21</u> , 2005, at 4:00 p.m. (prevailing eastern time)

**SUMMARY APPLICATION OF KIRKLAND & ELLIS LLP FOR COMPENSATION
FOR SERVICES AND REIMBURSEMENT OF EXPENSES AS BANKRUPTCY
COUNSEL TO W. R. GRACE & CO., ET AL., FOR THE THIRD MONTHLY
INTERIM PERIOD, FROM DECEMBER 1, 2004, THROUGH DECEMBER 31, 2004,
FOR THE QUARTER OF OCTOBER – DECEMBER, 2004**

Name of Applicant:	<u>Kirkland & Ellis LLP ("K&E")</u>
Authorized to Provide Professional Services to:	<u>W. R. Grace & Co., et al., Debtors and Debtors-in-Possession</u>
Date of Retention:	<u>Retention Order entered May 3, 2001, effective as of April 2, 2001</u>
Period for which compensation and reimbursement is sought:	<u>December 1, 2004, through December 31, 2004</u>
Amount of Compensation sought as actual, reasonable and necessary:	<u>\$863,104.50</u>
Amount of Expense Reimbursement sought as actual, reasonable and necessary:	<u>\$38,461.17</u>
This is a <u>X</u> monthly ___ interim ___ final application.	

¹ The Debtors consist of the following 62 entities: W. R. Grace & Co. (f/k/a Grace Specialty Chemicals, Inc.), W. R. Grace & Co.-Conn., A-1 Bit & Tool Co., Inc., Alewife Boston Ltd., Alewife Land Corporation, Amicon, Inc., CB Biomedical, Inc. (f/k/a Circe Biomedical, Inc.), CCHP, Inc., Coalgrace, Inc., Coalgrace II, Inc., Creative Food 'N Fun Company, Darex Puerto Rico, Inc., Del Taco Restaurants, Inc., Dewey and Almy, LLC (f/k/a Dewey and Almy Company), Ecarg, Inc., Five Alewife Boston Ltd., G C Limited Partners I, Inc. (f/k/a Grace Cocoa Limited Partners I, Inc.), G C Management, Inc. (f/k/a Grace Cocoa Management, Inc.), GEC Management Corporation, GN Holdings, Inc., GPC Thomasville Corp., Gloucester New Communities Company, Inc., Grace A-B Inc., Grace A-B II Inc., Grace Chemical Company of Cuba, Grace Culinary Systems, Inc., Grace Drilling Company, Grace Energy Corporation, Grace Environmental, Inc., Grace Europe, Inc., Grace H-G Inc., Grace H-G II Inc., Grace Hotel Services Corporation, Grace International Holdings, Inc. (f/k/a Dearborn International Holdings, Inc.), Grace Offshore Company, Grace PAR Corporation, Grace Petroleum Libya Incorporated, Grace Tarpon Investors, Inc., Grace Ventures Corp., Grace Washington, Inc., W. R. Grace Capital Corporation, W. R. Grace Land Corporation, Gracoal, Inc., Gracoal II, Inc., Guanica-Caribe Land Development Corporation, Hanover Square Corporation, Homco International, Inc., Kootenai Development Company, L B Realty, Inc., Litigation Management, Inc. (f/k/a GHSC Holding, Inc., Grace JVH, Inc., Asbestos Management, Inc.), Monolith Enterprises, Incorporated, Monroe Street, Inc., MRA Holdings Corp. (f/k/a Nestor-BNA Holdings Corporation), MRA Intermedco, Inc. (f/k/a Nestor-BNA, Inc.), MRA Staffing Systems, Inc. (f/k/a British Nursing Association, Inc.), Remedium Group, Inc. (f/k/a Environmental Liability Management, Inc.), E&C Liquidating Corp., Emerson & Cuming, Inc.), Southern Oil, Resin & Fiberglass, Inc., Water Street Corporation, Axial Basin Ranch Company, CC Partners (f/k/a Cross Country Staffing), Hayden-Gulch West Coal Company, H-G Coal Company.

The total time expended for the preparation of this application is approximately **35 hours**, and the corresponding estimated compensation *that will be requested in a future application* is approximately **\$10,000.00**.

This is the third monthly application for interim compensation of services for the October – December 2004 quarter that the Debtors have filed with the Bankruptcy Court in the Chapter 11 Cases. The following applications have been filed previously in the Chapter 11 Cases:

Date Filed	Period Covered	Requested Fees	Requested Expenses	Approved Fees	Approved Expenses
May 29, 2001	4/2 – 4/30/01	\$626,079.00	\$32,439.84	Interim approval ²	Interim approval
June 29, 2001	5/1 – 5/31/01	\$567,151.00	\$77,487.86	Interim approval	Interim approval
July 31, 2001	6/1 – 6/30/01	\$560,569.50	\$45,466.13	Interim approval	Interim approval
July 31, 2001	April – June, 2001	\$1,753,799.50	\$155,393.83	\$1,753,799.50	\$155,393.83
August 28, 2001	7/1 – 7/31/01	\$476,582.50	\$25,312.13	Interim approval ²	Interim approval
September 28, 2001	8/1 – 8/31/01	\$472,334.50	\$29,022.59	Interim approval	Interim approval
October 30, 2001	9/1 – 9/30/01	\$443,617.50	\$27,147.47	Interim approval	Interim approval
November 7, 2001	July – September, 2001	\$1,392,534.50	\$81,482.19	\$1,392,534.50	\$81,482.19
December 11, 2001	10/1 – 10/31/01	\$493,074.00	\$27,724.54	Interim approval ²	Interim approval
December 29, 2001	11/1 – 11/30/01	\$524,980.00	\$29,678.21	Interim approval	Interim approval
January 31, 2002	12/1 – 12/31/01	\$405,278.50	\$27,276.95	Interim approval	Interim approval
February 7, 2002	October – December, 2001	\$1,423,332.50	\$84,679.70	\$1,419,127.00	\$84,679.70
March 4, 2002	1/1 – 1/31/02	\$439,056.00	\$32,279.54	Interim approval ³	Interim approval
March 27, 2002	2/1 – 2/28/02	\$412,304.00	\$18,475.64	Interim approval	Interim approval
May 2, 2002	3/1 – 3/31/02	\$430,342.50	\$51,759.20	Interim approval	Interim approval
June 10, 2002	January – March, 2002	\$1,281,702.50	\$102,514.38	\$1,281,702.50	\$101,656.38
June 10, 2002	4/1 – 4/30/02	\$410,702.50	\$25,286.05	Interim approval ⁴	Interim approval
July 2, 2002	5/1 – 5/31/02	\$335,280.50	\$25,556.83	Interim approval	Interim approval
August 8, 2002	6/1 – 6/30/02	\$243,127.00	\$16,326.36	Interim approval	Interim approval
September 3, 2002	April – June, 2002	\$989,110.00	\$67,169.24	\$981,666.50	\$67,169.24

² The fees and expenses requested in the April-June, 2001, July-September, 2001 and October-December, 2001, interim monthly Applications were approved on an interim basis pursuant to the order entered by this Court on November 29, 2002.

³ The fees and expenses requested in the January-March, 2002, interim monthly Applications were approved on an interim basis pursuant to the order entered by this Court on October 9, 2002.

⁴ The fees and expenses requested in the April-June, 2002, interim monthly Applications were approved on an interim basis pursuant to the order entered by this Court on November 29, 2002.

Date Filed	Period Covered	Requested Fees	Requested Expenses	Approved Fees	Approved Expenses
September 11, 2002	7/1 – 7/31/02	\$335,129.00	\$28,504.48	Interim approval ⁵	Interim approval
October 2, 2002	8/1 – 8/31/02	\$344,619.00	\$86,047.20	Interim approval	Interim approval
October 30, 2002	9/1 – 9/30-02	\$238,876.50	\$20,882.49	Interim approval	Interim approval
November 27, 2002	July – September, 2002	\$918,624.50	\$135,434.17	\$918,624.50	\$134,478.90
December 6, 2002	10/1 – 10/31/02	\$207,778.00	\$7,769.74	Interim approval ⁶	Interim approval
January 13, 2003	11/1 – 11/30/02	\$122,419.00	\$4,732.30	Interim approval	Interim approval
January 30, 2003	12/1 – 12/31/02	\$129,243.50	\$6,093.80	Interim approval	Interim approval
March 4, 2003	October – December, 2002	\$459,440.50	\$18,595.84	\$459,440.50	\$18,467.74
March 4, 2003	1/1 – 1/31/03	\$162,033.00	\$6,383.16	Interim approval ⁷	Interim approval
April 2, 2003	2/1 – 2/28/03	\$215,511.50	\$3,784.70	Interim approval	Interim approval
April 29, 2003	3/1 – 3/31/03	\$146,603.00	\$6,713.84	Interim approval	Interim approval
May 15, 2003	January – March, 2003	\$524,147.50	\$16,881.70	\$524,045.50	\$16,881.70
June 3, 2003	4/1 – 4/30/03	\$135,130.00	\$2,786.42	Interim approval ⁸	Interim approval
July 11, 2003	5/1 – 5/31/03	\$109,408.00	\$6,546.04	Interim approval	Interim approval
July 31, 2003	6/1 – 6/30/03	\$115,099.00	\$1,925.86	Interim approval	Interim approval
August 27, 2003	April – June, 2003	\$359,637.00	\$11,258.32	\$357,346.00	\$11,183.48
September 5, 2003	7/1 – 7/31/03	\$197,495.50	\$9,235.33	Interim approval ⁹	Interim approval
October 1, 2003	8/1 – 8/31/03	\$178,910.50	\$7,009.66	Interim approval	Interim approval
November 6, 2003	9/1 – 9/30/03	\$157,200.00	\$3,817.57	Interim approval	Interim approval
November 18, 2003	July – September, 2003	\$533,606.00	\$20,062.56	\$533,606.00	\$20,062.56
November 26, 2003	10/1 – 10/31/03	\$251,093.50	\$7,115.96	Interim approval ¹⁰	Interim approval
December 29, 2003	11/1 – 11/30/03	\$187,914.00	\$4,969.88	Interim approval	Interim approval
February 2, 2004	12/1 – 12/31/03	\$317,880.00	\$8,631.60	Interim approval	Interim approval
February 25, 2004	October – December, 2003	\$756,887.50	\$20,717.44	\$756,838.00	\$20,717.44
March 5, 2004	1/1 – 1/31/04	\$524,446.00	\$32,428.07	Interim approval ¹¹	Interim approval
April 2, 2004	2/1 – 2/29/04	\$274,589.50	\$10,852.51	Interim approval	Interim approval
May 3, 2004	3/1 – 3/31/04	\$337,945.00	\$13,159.10	Interim approval	Interim approval
May 17, 2004	January – March, 2004	\$1,136,980.50	\$56,439.68	\$1,134,755.00	\$56,439.68

⁵ The fees and expenses requested in the July-September, 2002, interim monthly Applications were approved on an interim basis pursuant to the order entered by this Court on March 14, 2003.

⁶ The fees and expenses requested in the October-December, 2002, interim monthly Applications were approved on an interim basis pursuant to the order entered by this Court on July 28, 2003.

⁷ The fees and expenses requested in the January-March, 2003, interim monthly Applications were approved on an interim basis pursuant to the order entered by this Court on September 22, 2003.

⁸ The fees and expenses requested in the April-June, 2003, interim monthly Applications were approved on an interim basis pursuant to the order entered by this Court on December 15, 2003.

⁹ The fees and expenses requested in the July-September, 2003, interim monthly Applications were approved on an interim basis pursuant to the order entered by this Court on April 26, 2004.

¹⁰ The fees and expenses requested in the October-December, 2003, interim monthly Applications were approved on an interim basis pursuant to the order entered by this Court on June 16, 2004.

¹¹ The fees and expenses requested in the January-March, 2004, interim monthly Applications were approved on an interim basis pursuant to the order entered by this Court on September 27, 2004.

Date Filed	Period Covered	Requested Fees	Requested Expenses	Approved Fees	Approved Expenses
June 1, 2004	4/1 – 4/30/04	\$280,547.50	\$10,895.93	\$224,438.00	\$10,895.93
July 1, 2004	5/1 – 5/31/04	\$213,906.00	\$9,502.49	\$171,124.80	\$9,502.49
September 2, 2004	6/1 – 6/30/04	\$430,246.50	\$15,235.72	\$344,197.20	\$15,235.72
October 6, 2004	April – June, 2004	\$924,700.00	\$35,634.14	Pending	Pending
September 17, 2004	7/1 – 7/31/04	\$599,563.50	\$27,869.76	\$479,650.80	\$27,869.76
October 7, 2004	8/1 – 8/31/04	\$793,285.00	\$45,729.42	\$634,628.00	\$45,729.42
November 3, 2004	9/1 – 9/30/04	\$913,771.00	\$32,811.19	\$731,016.80	\$32,811.19
November 17, 2004	July – September, 2004	\$2,306,619.50	\$106,410.37	Pending	Pending
December 7, 2004	10/1 – 10/31/04	\$842,268.50	\$38,703.13	\$673,814.80	\$38,703.13
January 7, 2004	11/1 – 11/30/04	\$581,027.00	\$35,469.12	Pending	Pending

K&E has filed certificates of no objection with respect to the interim Monthly Applications for April 2001 through September 2004, respectively, because no objections were filed within the respective objection periods. The Quarterly Applications for the interim periods from (i) April 2, 2001, through June 31, 2001, (ii) July 1, 2001, through September 30, 2001, (iii) October 1, 2001, through December 31, 2001, and (iv) April 1, 2002, through June 30, 2002, were heard on November 25, 2002, and orders were entered November 29, 2002, granting interim compensation and reimbursement of expenses requested in the first-third and fifth Quarterly Applications. The Quarterly Application for the interim period from January 1, 2002, through March 31, 2002, was heard on August 26, 2002, and an order was entered on October 9, 2002, granting interim compensation and reimbursement of expenses requested in the fourth Quarterly Application. An order was entered on March 14, 2003, granting interim compensation and reimbursement of expenses requested in the sixth Quarterly Application for the interim period July 1, 2002, through September 30, 2002. The Quarterly Application for the interim period from October 1, 2002, through December 31, 2002, was heard on June 17, 2003, and an order was entered on July 28, 2003, granting interim compensation and reimbursement of expenses requested in the seventh Quarterly Application. The Quarterly Application for the interim period from January 1, 2003, through March 31, 2003, was heard on September 22, 2003 and an order was entered on September 22, 2003 granting interim compensation and reimbursement of expenses requested in the eighth Quarterly Application. The Quarterly

Application for the interim period from April 1, 2003, through June 30, 2003, was heard on December 15, 2003 and an order was entered on December 15, 2003¹² granting interim compensation and reimbursement of expenses requested in the ninth Quarterly Application. The Quarterly Application for the interim period from July 1, 2003 through September 30, 2003, was heard on March 22, 2004 and an order was entered on April 26, 2004 granting interim compensation and reimbursement of expenses requested in the tenth Quarterly Application. An order was entered on June 16, 2004, granting interim compensation and reimbursement of expenses requested in the eleventh Quarterly Application for the interim period October 1, 2003, through December 31, 2003. The Quarterly Application for the interim period January 1, 2004, through March 31, 2004, was heard on September 27, 2004 and an order was entered on September 27, 2004 granting interim compensation and reimbursement of expenses requested in the twelfth Quarterly Application. The Quarterly Application for the interim period April 1, 2004, through June 30, 2004, was heard on December 20, 2004. The hearing for the Quarterly Application for the interim period July 1, 2004, through September 30, 2004, has been scheduled for March 21, 2005. The Quarterly Application for the interim period October 1, 2004, through December 31, 2004, has been scheduled for June 27, 2005.

The K&E attorneys who rendered professional services in these cases during the Fee Period are:

Name of Professional Person	Position with the Applicant and Year Admitted	Department	Hourly Billing Rate	Total Billed Hours	Total Compensation
Janet S Baer	Partner 1982	Bankruptcy	\$655.00	184.70	\$120,978.50
Ryan B Bennett	Associate 2000	Bankruptcy	\$405.00	101.50	\$41,107.50
David M Bernick, P.C.	Partner 1978	Litigation	\$750.00	12.10	\$9,075.00
Salvatore F Bianca	Associate 2003	Bankruptcy	\$405.00	59.90	\$24,259.50
Samuel Blatnick	Associate 2002	Bankruptcy	\$360.00	167.10	\$60,156.00
Deanna D Boll	Associate 1998	Bankruptcy	\$485.00	38.00	\$18,430.00

¹² An amended order correcting certain information on the Exhibit was entered on December 19, 2003.

Name of Professional Person	Position with the Applicant and Year Admitted		Department	Hourly Billing Rate	Total Billed Hours	Total Compensation
Michelle H Browdy	Partner	1990	Litigation	\$480.00	26.50	\$12,720.00
Christopher C Chiou	Associate	2004	Litigation	\$235.00	158.80	\$37,318.00
Tobias D Chun	Associate	1996	Environmental	\$360.00	7.20	\$2,592.00
Kelly K Frazier	Partner	1997	Bankruptcy	\$485.00	6.30	\$3,055.50
Theodore L Freedman	Partner	1972	Bankruptcy	\$695.00	14.50	\$10,077.50
Jonathan Friedland	Partner	1994	Bankruptcy	\$530.00	115.20	\$61,056.00
Mark E Grummer	Partner	1976	Environmental	\$495.00	66.30	\$32,818.50
Andrea L Johnson	Associate	2004	Bankruptcy	\$270.00	79.30	\$21,411.00
Elli Leibenstein	Partner	1992	Litigation	\$460.00	41.00	\$18,860.00
Tyler D Mace	Associate	2003	Litigation	\$285.00	355.70	\$101,374.50
Todd F Maynes, P.C.	Partner	1987	Taxation	\$665.00	20.00	\$13,300.00
Brett H McGurk	Associate	2000	Litigation	\$415.00	16.00	\$6,640.00
Katherine K Moore	Associate	Pending (grad 2004)	Corporate	\$285.00	26.40	\$7,524.00
Joseph Nacca	Associate	2003	Bankruptcy	\$270.00	123.90	\$33,453.00
Andrew R Running	Partner	1982	Litigation	\$525.00	6.70	\$3,517.50
Rachel Schulman	Of Counsel	1989	Bankruptcy	\$485.00	36.90	\$17,896.50
Pratibha J Shenoy	Associate	2001	Taxation	\$385.00	9.80	\$3,773.00
Lori Sinanyan	Associate	2000	Bankruptcy	\$440.00	119.30	\$52,492.00
Bennett L Spiegel	Partner	1984	Bankruptcy	\$685.00	76.70	\$52,539.50
Jane D Stiegman	Associate	2002	Environmental	\$325.00	49.50	\$16,087.50
Laurence A Urgenson	Partner	1975	Litigation	\$600.00	35.60	\$21,360.00
Total for Attorneys					1,954.90	\$803,872.50

The paraprofessionals of K&E who rendered professional services in these cases during the Fee Period are:

Name of Professional Person	Position with the Applicant and Number of Years as a Paraprofessional		Department	Hourly Billing Rate	Total Billed Hours	Total Compensation
Elizabeth A Arundel	Legal Assistant	8 Years	Bankruptcy	\$185.00	78.80	\$14,578.00
Amy M Balkema	Legal Assistant	2 Years	Litigation	\$145.00	22.00	\$3,190.00
Amber A Horn	Case Assistant	7 Months	Litigation	\$90.00	10.50	\$945.00
Sorah Kim	Project Assistant	1 Year	Litigation	\$130.00	11.00	\$1,430.00
Michael D Nicolalda	Project Assistant	6 Months	Litigation	\$120.00	49.00	\$5,880.00
Shirley A Pope	Legal Assistant	19 Years	Litigation	\$210.00	7.40	\$1,554.00
Terrell D Stansbury	Legal Assistant	3 Years	Litigation	\$175.00	72.00	\$12,600.00
Toni L Wallace	Legal Assistant	4 Years	Bankruptcy	\$190.00	21.40	\$4,066.00
Tiffany J Wood	Project Assistant	1 Year	Bankruptcy	\$130.00	115.30	\$14,989.00
Total for Paraprofessionals					387.40	\$59,232.00

Grand Total for Fees: **\$863,104.50**
Blended Rate: **\$368.49**

Compensation by Matter

Matter Number	Matter Description	Total Hours	Total Fees Requested
19	Claims Analysis Objection & Resolution (Non-Asbestos)	81.00	\$36,523.50
20	Case Administration	145.30	\$22,234.00
21	Claims Analysis Objection & Resolution (Asbestos)	375.90	\$137,505.00
23	Business Operations	1.30	\$704.00
28	Litigation and Litigation Consulting	43.60	\$19,767.00
30	Hearings	12.00	\$6,827.50
32	Fee Applications, Applicant	33.70	\$10,677.00
37	Plan and Disclosure Statement	787.10	\$361,011.50
38	Employment Applications, Others	5.30	\$2,179.00
41	Tax Issues	14.00	\$9,300.00
42	Travel non-working	24.90	\$11,756.50
46	Tax Litigation	16.80	\$8,428.00
57	Montana Grand Jury Investigation	801.40	\$236,191.50
	Total	2,342.30	\$863,104.50

Expense Summary

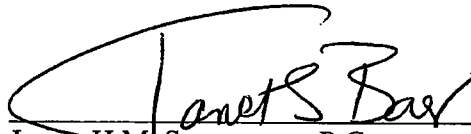
Description	Amount
Telephone	\$1,316.18
Fax Charge	\$276.43
Standard Copies	\$11,196.10
Binding	\$24.50
Tabs/Indexes/Dividers	\$57.20
Color Copies	\$46.50
Scanned Images	\$352.20
Postage	\$3.49
Overnight Delivery	\$1,296.70
Outside Messenger Services	\$577.80
Local Transportation	\$235.80
Travel Expense	\$2,723.24
Airfare	\$4,624.49
Transportation to/from airport	\$747.60
Travel Meals	\$223.37
Other Travel Expenses	\$93.00
Outside Printing Services	\$3,457.68
Outside Copy/Binding Services	\$3,693.23
Working Meals/K&E Only	\$133.54
Working Meals/K&E and Others	\$22.00
Information Broker Doc/Svcs	\$1,714.20
Library Document Procurement	\$25.00
Computer Database Research	\$1,439.26
Overtime Transportation	\$831.53
Overtime Meals	\$96.00
Overtime Meals - Attorney	\$1,034.57
Secretarial Overtime	\$1,262.03
Word Processing Overtime	\$932.33
Overtime Meals - Legal Assistant	\$25.20
Total	\$38,461.17

WHEREFORE, K&E respectfully requests (a) that an allowance be made to it, as fully described above for the (i) 80% of the amount of **\$863,104.50** for reasonable and necessary professional services K&E has rendered to the Debtors during the Fee Period (**\$690,483.60**) and (ii) 100% of the reimbursement of actual and necessary costs and expenses incurred by K&E during the Fee Period (**\$38,461.17**); (b) that both fees and expenses are payable as administrative expenses of the Debtors' estates; and (c) that this Court grant such further relief as is equitable and just.

Wilmington, Delaware
Dated: February 1, 2005

Respectfully submitted,

KIRKLAND & ELLIS LLP

A handwritten signature in black ink, appearing to read "Janet S. Baer", is written over a horizontal line.

James H.M. Sprayregen, P.C.

Janet S. Baer

James W. Kapp III

Samuel L. Blatnick

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